

CONNECTICUT PACKAGE STORES ASSOCIATION



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Senator Doyle, Representative Taborsak and members of the General Law Committee, the Connecticut Package Stores Association (CPSA) represents the 1,100 off-premise package store retailers in the state of Connecticut. We work to promote and protect their integral role as one of the three tiers of the alcohol beverage industry in CT. We submit this testimony in opposition to HB6264 AN ACT AUTHORIZING THE SALE OR DISPENSING OF ALCOHOLIC LIQUOR ON SUNDAY

The false revenue figures provided by liquor manufacturers and food stores assume there would be some extreme binge by Connecticut residents in their consumption rates of alcohol when all the additional day does is spread 6 days of sale over 7 days. Their figures, and those of OFA, also do not take into account the loss of 300 to 500 jobs of small package stores and the social and municipal impact that an additional day would cause. This is the reason why the following organizations support the ban- the CT Coalition to Stop Underage Drinking, CT Police Chief's Association, regional substance abuse councils (Ct Prevention Network), CT Beer wholesalers, Ct Wine and spirit Wholesalers and the Teamsters, all continue to oppose Sunday package store sales. Package stores do 90% of the beer business in the state and 100% of the off-premise wine and spirit sales and only they know what the buying patterns are of Connecticut consumers. A far removed deep pocketed Washington DC trade group representing foreign spirits manufacturers and large foreign owned supermarket chains are unable to truly gauge consumer drinking patterns and the unfortunate job loss and costs associated with an additional day of sale. When the Fair-Trade laws (minimum markup) were repealed in 1980, we provided our analysis as to what would happen to the industry -- a loss of over 300 stores -- and we were correct, but the legislation was passed anyway.

Liquor stores are open 307 days of the year, 13 hours per day. Those are extremely liberal hours of operation. What happens to the liquor industry when our prediction comes true -- 200 stores are out of business, hundreds of jobs are lost (retailers, wholesalers, delivery drivers) and there is no additional revenue to the state? Do we then increase hours of operation in order to continue the spiral? We sell beverage alcohol. It is a consumer commodity with its own section of the General Statutes: Section 30 entitled "Intoxicating Liquors". There are laws and regulations governing every aspect of the industry; What we can sell, when we can sell it, to whom we can sell it, from whom we can buy it, how we have to pay for it.... It is a different product and we know and appreciate it. We also take it very seriously and with a great deal of responsibility. If a Hallmark store sells a greeting card to a 20 year old or a 16 or a 14 year old, the store does not get shut down because an employee of the Department of Consumer Protection was in the store watching the transaction. If a grocery store sells beer to a minor, they must stop selling one of their thousands of products for 3 days. If a liquor store mistakenly sells to a minor, we must close the store for 3 days. It's a serious business that needs to be treated as such.

Proponents like to point to cross border sales. We know the real reason that those sales occur EVERY day of the week and not just on Sunday. Massachusetts has no sales tax on alcohol and lower excise taxes per gallon and retailers also are allowed to own a wholesaler permit, meaning they can sell the product for cheaper- a lot cheaper. Another significant factor is that on average a package store in Massachusetts has double the gross sales of a Connecticut retailer. Connecticut has 1,100 stores for population of 3.4 million; Massachusetts has 1000 stores for over 7 million in population or a ratio in Connecticut of 3,235 people per store vs. 7,000 person population per store in Massachusetts. This is why the two states cannot be compared. The excise taxes in Rhode Island (which also has no bottle bill), and New York (except on spirits) are all lower than CT which is the reason why consumers head over the border every day of the week for cheaper alcohol. Cheaper taxes are why consumers head over the border. The super majority of border stores oppose Sunday sales (even in Enfield) a fact the proponents fail to mention.

Retailers would not oppose Sunday sales if there were a potential for an increase in sales. The real potential cost for every store to open would be a minimum per year of \$14,000. Some stores would approach \$30,000 in cost with increased utilities and labor cost. There are about 400 stores that gross \$300-\$325 thousand in sales. The net to the owner for take-home pay is \$35 to \$40 thousand dollars per year. This pay in most cases is for up to 72 hours a week. Increasing the cost of a store in this economic downturn could result in the loss of 200 out of the 1,100 stores. There would be a definite loss of state income and revenue to the state if the stores close and these locations cease to exist. The loss of a least 2 jobs per store would result in 300 to 500 jobs statewide. We also estimate the loss of at least 150 beer and spirit wholesaler jobs for sales persons, warehouse and truck drivers who currently service those 300 stores. If Connecticut levels to the same ratio of population as Massachusetts 1 store to every 7,000 persons our state could drop to 500 stores over a longer period of time. The loss of retail rents and vitality to a municipality could be devastating.

On July 1, 1995, New Mexico authorized allowing the sale of alcohol on Sundays. The American Journal of Public Health studied the legislation's effects using data from the first five years that alcohol sales on Sunday were allowed. The study found that alcohol-related crashes increased by 29 percent on Sundays in counties that allowed sales. Those additional crashes led to a 42 percent increase in alcohol-related fatalities on Sundays. The Centers for Disease Control (CDC) completed a study (submitted as testimony) in December 2010 title **Effectiveness of Policies Maintaining or Restricting Days of Alcohol Sales on Excessive Alcohol Consumption and Related Harms**, which concluded that increasing days of sale leads to increases in excessive alcohol consumption and alcohol-related harms and that reducing the number of days that alcoholic beverages are sold generally decreases alcohol-related harms. Based on these findings, when the expansion of days of sale is being considered, laws and policies maintaining the number of days of the week that alcoholic beverages are sold at on- and off-premises outlets in local, state, and national jurisdictions are effective public health strategies for preventing excessive alcohol consumption and related harms.

The following failure rates of sting operations involving underage purchasers should be cause for alarm. With another day of sale the opportunities for minor purchases will increase and the following failure rates, already especially high, will only increase and impact minors.

2007: Food Markets: 29.47% Package Stores: 25.11%

2008: Food Markets: 25.71% Package Stores: 22.54%

2009: Food Markets: 23.25% Package Stores: 13.31%

2010: Food Markets: 26.47% Package Stores: 22.70%

*Source: The CT Coalition to Stop Underage Drinking

The goals of the manufacturers of spirits and food stores is to experiment with someone else's package store job and viable business regardless of the consequences. This is not the way to develop policy using the legislature to replace private enterprise jobs.

Sincerely,

Alan Wilensky,
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